

II. REMARKS

A. Status of the Claims

Claims 1-7, 9-15, 17-23 and 25-31 will be pending after entry of this amendment.

Claims 1, 9, 17, and 25 have been amended without prejudice. Support for these amendments can be found at least at paragraphs [029]-[035] of the present application, as filed. Applicants submit that no new matter has been added by virtue of this amendment.

Claims 8, 16, 24 and 32 have been cancelled.

B. Rejection of Claims under 35 U.S.C. § 112

In the Office Action, claims 1-24 stand rejected under 35 U.S.C. § 112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention. In particular, independent claims 1, 9, and 17 have been rejected because the Examiner alleges that it is unclear what “simulated attributes” are created by claims 1, 9, and 17. Applicants have amended independent claims 1, 9, and 17 to remove that use of simulated attributes. Thus, Applicants respectfully request that the rejection under 35 U.S.C. § 112 of claims 1, 9, and 17, and dependant claims 2-7, 10-15 and 18-23 that depend therefrom, be withdrawn.

Claims 8, 16 and 24 have been cancelled, as a result, the rejection of these claims under 35 U.S.C. § 112 is moot.

B. Rejection of Claims under 35 U.S.C. § 103(a)

Claims 1-5, 7-13, 15-21, 23-29, 31 and 32 currently stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent 6,321,212 (hereinafter “Lange”) in view of Non-Patent Publication “A Comparative Analysis of Current Credit Risk Models.” (hereinafter

“Crouhy”). Claims 6, 14, 22 and 30 currently stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Lange in view of Crouhy further in view of Official Notice.

Applicants respectfully submit that whether viewed independently or in combination, the cited references fail to make the pending claims obvious. More specifically, Applicants respectfully submit that the cited references fail to make obvious at least the following feature of the pending claims as amended in representative claim 1:

“grouping the first bucket transition distribution and the second bucket transition distribution, thereby creating a bucket transition distribution for the portfolio of bonds.”

Claim 1 has been amended to include the aforementioned feature that was originally provided for in claim 8. When rejecting claim 8 in the present Office Action the Examiner alleges that the aforementioned feature is described by Lange at column 77 lines 49-59 and column 80 lines 23-32. *Office Action at pg. 8-9*. However, in Lange, column 77 lines 49-59 simply refers to the generation of a “resulting distribution of profit and loss” and does not reference a transition distribution. As a result this portion of Lange fails to address the use of a bucket transition distribution or the grouping two bucket transition distributions to create a bucket transition distribution for a portfolio of bonds. Furthermore, column 80 lines 23-32 of Lange only refers to a method “used to simulate many representative scenarios for a given group of financial products, compute profits and losses for each representative scenario, and then analyze the resulting distribution of scenario profits and losses.” Thus, this portion of Lange is limited to the use of profits and losses to evaluate a financial product and does not address the use of bucket transition distributions when evaluating a financial product. Additionally, the cited portions of Lange, and Lange as a whole, fails to describe grouping the profits and losses and

therefore fails to describe “grouping the first bucket transition distribution and the second bucket transition distribution, thereby creating a bucket transition distribution for a portfolio of bonds,” as recited in amended claims 1, 9, 17 and 25.

Applicants further submit that, Crouhy also does not describe grouping a first bucket transition distribution and a second bucket transition distribution to create a bucket transition distribution for the portfolio of bonds. As a result, Crouhy fails to cure the deficiencies of Lange.

Finally, the deficiencies described above with respect to Lange and Crouhy are not cured by the Official Notice taken by the Examiner, which is directed solely at determining the cumulative frequency distribution of a variable.

In view of Applicants’ foregoing remarks, amended independent claims 1, 9, 17 and 25 and claims 2-7, 10-15, 18-23, and 26-31 which depend therefrom are not obvious over Lange, Crouhy, and the Official Notice whether taken independently or in combination. Accordingly, Applicants respectfully request that Examiner’s rejections under 35 U.S.C. § 103(a) be withdrawn.

Claims 8, 16, 24 and 31 have been cancelled, as a result, the rejection of these claims under 35 U.S.C. § 103(a) is moot.

III. CONCLUSION

For at least the reasons set forth above, this patent application, as amended, is now in condition for allowance. Reconsideration and prompt allowance of this patent application are respectfully requested.

If it will advance the prosecution of this patent application, the Examiner is urged to telephone (973.597.6326) Applicants' undersigned representative. All written communications should continue to be sent to the address provided below.

Respectfully submitted,

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